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June 7, 2002

Ex Parte Communication

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC, 20554

Re: Bell Atlantic Corp. and GTE Corp., CC Docket No. 98-184

Dear Ms. Dortch:

AT&T Corp. ("AT&T") submits the following comments in response to Verizon Communications, Inc.'s ("Verizon's") May 24, 2002 *ex parte* filing.¹ That letter cryptically states that various Verizon representatives met with the Commission staff on the previous day to explain why a \$90.4 million investment in NorthPoint and another unidentified investment of \$20.3 million "should be credited to the out-of-region expenditures Verizon is obligated to make pursuant to the merger conditions."² Verizon asserts that these investments "reflect only those [investments] that have been identified in the February 7, 2002 letter."³

¹ Letter from Gordon R. Evans, Vice President, Federal Regulatory, Verizon, to Ms. Marlene H. Dortch, Secretary, Federal Communications Commission, dated May 24, 2002.

² *Id.* at 1.

³ *Id.*

The February 7 letter was never publicly filed. Its cover letter stated that it was confidential and had been redacted. Nevertheless, a Public Notice was issued on March 12, 2002 inviting public comments on Verizon's request to count its unsuccessful \$150 million "investment" in NorthPoint Communications Group, Inc. (NorthPoint) toward satisfaction of Condition XVI of the *Bell Atlantic/GTE Order*.⁴ AT&T filed comments, on March 19, and March 28, 2002,⁵ demonstrating that the *Bell Atlantic/GTE Order* condition requiring "investment in, or contribution to *ventures*" – not "entities" – could not be satisfied by money deposited for the purchase of a controlling interest in an "entity" when Verizon never completed the transaction but instead publicly repudiated its relationship with that entity, allegedly for the purpose, and with the effect, of eliminating that entity as a competitor.⁶

Verizon fails to explain whether the \$90.4 million "investment" referred to in its May 24, 2002 *ex parte* has any relationship to the \$150 million "investment" which was the subject of the March 12 Public Notice. To the extent that it is part of the \$150 million "investment," the request should be denied for the reasons set forth in AT&T's

⁴ *Applications of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, CC Docket No. 98-184, 15 FCC Rcd. 14032 (rel. June 16, 2000) (hereinafter the "*Bell Atlantic Merger Order*").

⁵ Letters from Aryeh Friedman, Senior Attorney, AT&T, to Carol Matthey, Deputy Chief, Common Carrier Bureau, Federal Communications Commission, dated March 19, 2002 ("AT&T's March 19 Letter Comments") and March 28, 2002 ("AT&T's March 28 Letter Comments").

⁶ The First Amended Complaint in *NorthPoint v. Verizon*, California Superior Court (San Francisco), Case No. 317249, filed July 12, 2001, appended to AT&T's March 19 Letter Comments, at ¶¶ 38 and 44. See AT&T's March 19 Letter Comments at 2-4.

Comments. To the extent that it is not, the request (at least as to any investment in NorthPoint) is still subject to the March 12, 2002 Public Notice⁷ and must be rejected inasmuch as Verizon failed to proffer any additional information for public comment.⁸

Sincerely,

/s/ Aryeh S. Friedman
Aryeh S. Friedman

cc: Carol Matthey
Anthony Dale
Mark Stone
Qualex International at qualexint@aol.com
Gordon R. Evans, Vice President, Federal Regulatory, Verizon

⁷ The Public Notice seeks Comment on the fact that “Verizon seeks to count its investment in Northpoint Communications Group Inc. (‘NorthPoint’) towards satisfaction of Condition XVI ...” The Notice refers to and appends thereto the March 7, 2002 Verizon letter which again opens with a general statement about its “investment” in Northpoint. The language of both the March 7 letter and the Public Notice make it clear that the Public Notice covers any Verizon investment in Northpoint. The “other investment” should also be subject to public comment.

⁸ To the extent the information is in fact confidential, the information could be made available for public comment pursuant to a Protective Order.

CERTIFICATE OF SERVICE

I, Karen Kotula, do hereby certify that on this 5th day of June, 2002, a copy of AT&T Corp.'s further Comments Opposing Verizon Communications, Inc.'s Letter Request was mailed by U.S. mail, first class delivery, postage prepaid, on the parties listed below:

Marlene H. Dortch, Secretary
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/s/ Karen Kotula
Karen Kotula

* Electronically served